

Message Text

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PAGE 01 OTTAWA 01396 082130Z

73

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3418

UNCLAS OTTAWA 1396

E.O. 11652: N/A

TAGS: PINT, CA

SUBJECT: BUDGET DEBATE

1. SUMMARY. TUMULTOUS DEBATE IN COMMONS MAY 7 FOLLOWING BUDGET PRESENTATION NOTABLE FOR PARTICULARLY FORCEFUL INTERVENTION BY PRIMIN TRUDEAU, SHARPLY ASSAILING NDP AND PC FOR IRRESPONSIBILITY AND OPPORTUNISM IN OPPOSING BUDGET. WITH GOVERNMENT'S DEFEAT EXPECTED THIS EVENING, MAY 8, TRUDEAU'S SPEECH MAY FORESHADOW A DYNAMIC AND HARD-HITTING ROLE FOR HIM IN ELECTORAL CAMPAIGN, IN CONTRAST WITH LOW-KEY, PHILOSOPHICAL APPROACH TAKEN IN 1972. OTHER SPEECHES INCLUDED BITTER ATTACK ON BUDGET ("DASTARDLY", "UNMITIGATED RUBBISH") BY NDP LEADER LEWIS; CRITICISM OF "SOCIALIST-CONSERVATIVE COALITION" BY SOCIAL CREDIT LEADER RAOUL CAQUETTE; AND SOMEWHAT LESS LIVELY PERFORMANCES BY TORY FINANCE CRITICS LAMBERT AND GILLIES. END SUMMARY.

2. LAMBERT AND GILLIES CENTERED ATTACK ON GOVERNMENT'S FAILURE TO DEAL WITH INFLATION. GILLIES ACCUSED FINMIN TURNER OF IGNORING PROBLEM, AND OF PRESENTING BUDGET ESSENTIALLY SAME AS THAT OF 1973, WHICH FAILED "IN ANY WAY" TO HALT INFLATION. BOTH CRITICIZED GOVERNMENT FOR INCREASING FEDERAL SPENDING AND THUS CONTRIBUTING TO INFLATIONARY SPIRAL, AND CITED STATISTICS TO DEMONSTRATE HARM CAUSED

UNCLASSIFIED

PAGE 02 OTTAWA 01396 082130Z

TO CANADIANS ON LOW AND SIXED INCOMES. TORY AMENDMENT

READS "THAT THIS HOUSE DOES NOT HAVE CONFIDENCE IN THE GOVERNMENT BY REASON OF ITS FAILURE TO PROPOSE EFFECTIVE BUDGETARY MEASURES TO CONTAIN AND REDUCE INFLATION."

3. NDP'S LEWIS REJECTED PC PROPOSAL FOR OVERALL WAGE AND PRICE CONTROLS BUT SAID BUDGET NEITHER ATTACKED RISING COST OF LIVING NOR HELPED THOSE HURT BY IT. HE REPEATED DEMANDS FOR TWO-PRICE (INTERNAL AND INTERNATIONAL) SYSTEM ON BASIC COMMODITIES, FOR REDUCED MORTGAGE RATES FOR LOW-INCOME FAMILIES, AND FOR AN EXCESS PROFITS TAX. CLAIMING THAT "RIGHT WING HAS TAKEN OVER IN THE LIBERAL PARTY," HE PROPOSED SUBAMENDMENT TO PC MOTION OF NO CONFIDENCE ADDING WORDS: "AND ITS FAILURE TO PROPOSE ANY MEASURES TO ASSIST PENSIONERS AND OTHER CANADIANS ON LOW AND FIXED INCOMES, TO DEAL WITH THE HOUSING CRISIS, OR TO REMOVE THE GLARING INEQUITIES IN THE TAXATION SYSTEM." PC'S APPLAUDED HEARTILY.

4. CAOUTTE CALLED SOCIALIST-CONSERVATIVE COALITION "DISGRACEFUL" WARNING NDP THAT IT WOULD BE REDUCED TO TEN (FROM 31) SEATS FOLLOWING ELECTIONS. HE SAID NEITHER NDP NOR PC HAD ANY CHANCE IN QUEBEC AND PROMISED SOCIAL CREDIT WOULD RETRN MORE THAN PRESENT 15 MEMBERS. CAUOETTE SAID PARLIAMENT HAD BEEN PRODUCTIVE, AND THAT ELECTIONS WERE WASTE OF \$50 MILLION TO ATTAIN ANOTHER MINORITY GOVERNMENT IN WHICH CREDITISTES WOULD HOLD BALANCE.

5. TRUDEAU WAS DEBATE'S STAR TURN AND IN FIGHTING FORM. HE QUOTED APRIL 23 NEWSPAPER ARTICLE PRAISING PARLIAMENT'S ACHIEVEMENTS, THEN REVEALING THAT DAVID LEWIS WAS AUTHOR. CALLING HIM "DAISY DAVID" PLUCKING PETALS "WE WILL - WE WON'T", TRUDEAU SAID LEWIS HOPELESSLY LOCKED IN IDEOLOGY, COMFORTABLE ONLY IN OPPOSITION TO MAJORITY GOVERNMENTS WHEN THEY COULD INSIST ON "OUTLANDISH REQUESTS" WITHOUT RESPONSIBILITY FOR LEGISLATION. TRUDEAU ATTACKED PC'S FOR INCOHERENCE AND INCONSISTENCY, AND INABILITY TO CONTROL THEIR OWN CAUCUS -- A REFERENCE TO TORY SPLIT ON OFFICIAL LANGUAGES ACT. TRUDEAU LISTED LEGISLATION WHICH WOULD NOT BE COMPLETED IF PARLIAMENT DISSOLVED, BLAMING OPPOSITION FOR SUBSEQUENT PROBLEMS. IN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 01396 082130Z

PARTICULAR HE MENTIONED PETROLEUM ADMINISTRATION BILL, FAILURE OF WHICH HE SAID WOULD PREVENT EXPORT TAXES ON PETROLEUM AND RESULT IN HUGE PROFITS FOR PETROLEUM COMPANIES -- THE "CORPORATE RIP-OFF" AGAINST WHICH LEWIS RAN THE 1972 NDP CAMPAIGN. TRUDEAU FINISHED BY SAYING LIBERALS "READY AND ABLE TO FIGHT AN ELECTION." HIS VIGOROUS PERFORMANCE GIVES CONSIDERABLE CREDIT TO THIS CLAIM.

PORTER

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